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8 **UNITED STATES DISTRICT COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**

10 AMERICAN FIREGLASS, a
California corporation,
11
12 Plaintiff,
13 v.
14 MODERUSTIC INC., a California
corporation,
15 Defendant.

CASE NO. '15CV2866 BTM BGS

**COMPLAINT FOR
DECLARATORY JUDGMENT OF
PATENT INVALIDITY AND NON-
INFRINGEMENT [U.S. Patent No.
8,419,505]**

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18 Plaintiff AMERICAN FIREGLASS™ ("American Fireglass") brings this
19 action for declaratory judgment of patent invalidity and non-infringement against
20 defendant MODERUSTIC INC. ("Moderustic"). Plaintiff alleges as follows:

21 **NATURE OF THE ACTION**

22 1. American Fireglass manufactures and sells fireplace/fire pit glass and
23 related burner products. A competitor of American Fireglass, Moderustic, claims
24 that it invented fireplace/fire pit glass and has threatened to file suit against
25 American Fireglass and many of its customers and distributors throughout the
26 United States for patent infringement, pursuant to U.S. Patent No. 8,419,505 (the
27 '505 Patent). American Fireglass disputes Moderustic's claim and asserts that the
28 process and product by which such fireplace/fire pit glass is manufactured, namely

1 the process of tumbling, polishing and vibrating pieces of glass, is a well-known
2 process that has been in the public domain for years, well before Moderustic filed
3 its patent application.

4 2. Moderustic's claim places a cloud of legal urgency over American
5 Fireglass' business operations. To remove this cloud of uncertainty, American
6 Fireglass seeks a declaration that the '505 patent is invalid and unenforceable or, in
7 the alternative, that its fire glass product does not infringe any claims of the '505
8 patent. Based on the foregoing, there is a substantial controversy between
9 American Fireglass and Moderustic as to the validity and enforceability of the '505
10 Patent and whether American Fireglass' products infringe upon that patent.

11 **PARTIES**

12 3. American Fireglass is a California corporation that conducts business
13 throughout California and regularly markets, distributes, and sells its products in
14 this judicial district.

15 4. Moderustic is a California corporation that conducts business
16 throughout California and regularly markets, distributes, and sells its products in
17 this judicial district.

18 **JURISDICTION AND VENUE**

19 5. This action arises under the Declaratory Judgment Act, 28 U.S.C.
20 §§ 2201 and 2202, and under the patent laws of the United States of America, Title
21 35 of the United States Code. This court has jurisdiction over the subject matter of
22 this action pursuant to 28 U.S.C. §§ 1331 and 1338(a).

23 6. This court has personal jurisdiction over Moderustic because, among
24 other things, Moderustic has continuous and systematic contacts with the state of
25 California, including marketing, distributing, and selling products here.

26 7. Venue is proper in this court pursuant to 28 U.S.C. §§ 1391(b) and (c)
27 because Moderustic is subject to personal jurisdiction within this judicial district.
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1 **not** seeking any adjudication in this case related to the ‘360 Patent. (Rather, this
2 information is included solely for background information.) Moderustic has also
3 filed other, related patent applications which have been rejected.

4 11. While the ‘360 Patent was pending, Moderustic filed another patent
5 application with the PTO which the PTO incorrectly granted, resulting in the ‘505
6 Patent – the patent in suit in this case. In 2014, the PTO issued an *ex parte*
7 reexamination certificate of the ‘505 Patent, narrowing the claims to include a
8 method for creating smooth, tempered glass pieces by placing the pieces into a
9 tumbling apparatus and tumbling the fragments for a pre-determined period of time
10 such that the surfaces of the glass fragments are smoother than prior to tumbling
11 “*and have a substantially rounded, bead-like shape...*”

12 12. The PTO incorrectly issued the ‘505 Patent. The process of tumbling
13 broken pieces of glass to smooth the fragments into rounded, bead-likes shapes has
14 been described in previous patents and publications and practiced for many years,
15 well before Mr. Jaunzemis filed the patent application resulting in the ‘505 Patent.

16 **MODERUSTIC INCORRECTLY CLAIMS THAT AMERICAN**
17 **FIREGLASS’ PRODUCTS INFRINGE THE ‘505 PATENT AND**
18 **THREATENS LAWSUITS AGAINST AMERICAN FIREGLASS’ DEALERS**

19 13. Despite the fact that the PTO rejected all of the claims of the parent,
20 ‘360 Patent (upon which the ‘505 Patent is based) in 2011 as obvious in light of
21 prior art, Moderustic filed a complaint for infringement of the ‘505 Patent against
22 various sellers of fireplace glass in July of 2015 and has repeatedly threatened to
23 sue American Fireglass and its dealers for infringement of the ‘505 Patent by
24 engaging in the following conduct:

25 (a) In February of 2015, Mr. Jaunzemis on behalf of Moderustic sent a series
26 of emails to American Fireglass’ dealers, attaching a copy of the ‘505 Patent,
27 stating that it holds a patent on the method of creating tumbled tempered
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1 glass for use in fireplaces, and stating that it will enforce its intellectual
2 property rights and demanding to personally meet with the dealers to
3 evaluate whether their products infringe the ‘505 Patent and threatening to
4 file a complaint for patent infringement against those dealers.

5 (b) In October of 2015, Mr. Jaunzemis on behalf of Moderustic publically
6 proclaimed in a newspaper article that it intended to hire dozens of attorneys
7 nationwide to sue a multitude of companies for patent infringement
8 throughout the United States under the ‘505 Patent.

9 (c) In October of 2015, Mr. Jaunzemis on behalf of Moderustic sent a letter
10 to American Fireglass, stating that Moderustic intended to “divide and
11 conquer” its enemies, threatening to sue 10 of American Fireglass’ dealers in
12 10 different states, and after the “first ten get wiped out”, Moderustic would
13 file another 20, 30 or 40 lawsuits against American Fireglass’ dealers
14 throughout the United States. Moderustic further claimed that these dealers
15 would seek indemnification from American Fireglass and asked American
16 Fireglass: “How many suits can you afford? ... If you have a few thousand
17 dealers, can you with stand [sic] defending them from hundreds of cases? At
18 what cost will you concede? When you have won and have nothing left,
19 what then? When all is lost, ALL IS LOST! You really don’t get it, do
20 you?”

21 (d) In December 2015, Mr. Jaunzemis on behalf of Moderustic sent a letter to
22 American Fireglass with a copy of the ‘505 Patent, stating that American
23 Fireglass should consider the letter as “notice” of Moderustic’s patent rights
24 under the ‘505 Patent.

25 14. Based on the foregoing, there is a real, immediate, and substantial
26 controversy between American Fireglass and Moderustic regarding the validity and
27 infringement of the ‘505 Patent.
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1 **FIRST CLAIM**

2 **(Declaratory Judgment of Invalidity of the ‘505 Patent)**

3 15. American Fireglass realleges and incorporates herein by reference the
4 allegations of paragraphs 1 through 14, above.

5 16. There is a real, immediate, substantial, and justiciable controversy
6 between American Fireglass and Moderustic concerning whether the claims of the
7 ‘505 Patent are invalid for failure to comply with the pre-requisites of Title 35 of
8 the United States Code, including without limitation, §§ 101-103, and/or 112.

9 17. This controversy is amendable to specific relief through a decree of a
10 conclusive character.

11 18. The claims of the ‘505 Patent are invalid for failure to comply with the
12 statutory pre-requisites of Title 35 of the United States Code, including without
13 limitation, one or more of §§ 101, 102, 103, and/or 112.

14 19. American Fireglass is entitled to a judicial declaration that the claims
15 of the ‘505 Patent are invalid.

16 **SECOND CLAIM**

17 **(Declaratory Judgment of Non-Infringement of the ‘505 Patent)**

18 20. American Fireglass realleges and incorporates the allegations in
19 paragraphs 1 to 14 above.

20 21. There is a real, immediate, substantial, and justiciable controversy
21 between American Fireglass and Moderustic concerning whether the use, sale, offer
22 for sale, or importation into United States of American Fireglass’ fire glass
23 products infringe any valid and enforceable claim of the ‘505 Patent.

24 22. This controversy is amendable to specific relief through a decree of a
25 conclusive character.

26 23. The use, sale, offer for sale, or importation into the United States of
27 American Fireglass’ fire glass product will not infringe any valid and enforceable
28 claim of the ‘505 Patent.

1 24. American Fireglass is entitled to a judicial declaration that the
2 manufacture, use, sale, offering for sale, or importation of its fire glass product will
3 not infringe, directly or indirectly, any valid claim of the '505 Patent.

4 **PRAYER FOR RELIEF**

5 Wherefore, American Fireglass prays that the Court enter judgment in its
6 favor and against Moderustic as follows:

7 A. Declaring that all claims of the '505 Patent are invalid.

8 B. Declaring that American Fireglass' fire glass products have not, do
9 not, and will not infringe any valid enforceable claim of the '505 Patent, if any.

10 C. Declaring that the use, offer to sell, sale, and/or importation into the
11 United States of American Fireglass' fire glass products do not and will not infringe
12 any valid and enforceable claim of the '505 Patent.

13 D. Enjoining Moderustic from filing suit against American Fireglass'
14 dealers and customers for allegedly infringing the '505 Patent;

15 E. Declaring this an exceptional case in favor of American Fireglass and
16 awarding attorneys' fees pursuant to 35 U.S.C. § 285.

17 F. Awarding costs and expenses.

18 G. Awarding any and all such other relief as the Court determines to be
19 just and proper.

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21 DATED: December 18, 2015

HIGGS FLETCHER & MACK LLP

22
23 By: /s/Phillip C. Samouris

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